west virginia department of environmental protection

Office of Oil and Gas
601 57th Street SE
Charleston, WV 25304
(304) 926-0450
(304) 926-0452 fax

Earl Ray Tomblin, Governor
Randy C. Huffman, Cabinet Secretary
www.dep.wv.gov

February 24, 2015

WELL WORK PLUGGING PERMIT

Plugging

This permit, API Well Number: 47-8703021, issued to HG ENERGY, LLC, is evidence of permission granted to perform the specified well work at the location described on the attached pages and located on the attached plat, subject to the provisions of Chapter 22 of the West Virginia Code of 1931, as amended, and all rules and regulations promulgated thereunder, and to all conditions and provisions outlined in the pages attached hereto. Notification shall be given by the operator to the Oil and Gas Inspector at least 24 hours prior to the construction of roads, locations, and/or pits for any permitted work. In addition, the well operator shall notify the same inspector 24 hours before any actual well work is commenced and prior to running and cementing casing. Spills or emergency discharges must be promptly reported by the operator to 1-800-642-3074 and to the Oil and Gas inspector.

Upon completion of the plugging well work, the above named operator will reclaim the site according to the provisions of WV Code 22-6-30. The above named operator will also file, as required in WV Code 22-6-23, an affidavit on form WR-38 by two experienced persons in the operator's employment and the Oil and Gas inspector that the work authorized under this permit was performed and a description given. Failure to abide by all statutory and regulatory provisions governing all duties and operations here under may result in suspensions or revocation of this permit and in addition may result in civil and/or criminal penalities being imposed upon the operator.

This permit will expire in two (2) years from date of issue. If there are any questions, please free to contact me at (304) 926-0499 ext. 1654.

James Martin
Chief

Operator's Well No: 1
Farm Name: NICHOLS, C.
API Well Number: 47-8703021
Permit Type: Plugging
Date Issued: 02/24/2015

Promoting a healthy environment.

8703021P

PERMIT CONDITIONS

West Virginia Code §22-6-11 allows the Office of Oil and Gas to place specific conditions upon this permit. Permit conditions have the same effect as law. Failure to adhere to the specified permit conditions may result in enforcement action.

CONDITIONS

1. All pits must be lined with a minimum of 20 mil thickness synthetic liner.
2. In the event of an accident or explosion causing loss of life or serious personal injury in or about the well or while working on the well, the well operator or its contractor shall give notice, stating the particulars of the accident or explosion, to the oil and gas inspector and the Chief within twenty-four (24) hours.
3. Well work activities shall not constitute a hazard to the safety of persons.

8703021P

WW-4B
Rev. 2/01

1) Date December 3, 2014
2) Operator's Well No. Carr Nichols 1
3) API Well No. 47- 087 - 03021

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

APPLICATION FOR A PERMIT TO PLUG AND ABANDON

4) Well Type: Oil X / Gas X / Liquid injection ____ / Waste disposal ____ /
(If "Gas, Production X or Underground storage ____) Deep ____ / Shallow X

5) Location: Elevation 1040 Watershed Rush Run
District Smithfield 5 County Roane Quadrangle Looneyville 7.5' 444

6) Well Operator HG Energy, LLC
Address 5260 Dupont Road
Parkersburg, WV 26101

7) Designated Agent Diane White
Address 5260 Dupont Road
Parkersburg, WV 26101

8) Oil and Gas Inspector to be notified
Name Ed Gainer
Address P. O. Box 821
Spencer, WV 25276

9) Plugging Contractor
Name To Be Determined Upon Approval of Permit
Address

10) Work Order: The work order for the manner of plugging this well is as follows:

TD: 2104'
10" - 255' pulled
8 1/4" - 930' pulled
6 5/8" - 1944'
5 1/2" - 2041', cement w/35 sks
est TOC 1675'

Plug # 1 - 2060' - 1960'
Free pt - cut & pull 5 3/16" - est 1675'
Plug # 2 - 1725' - 1625'
Free pt - cut & pull 6 5/8" - est 1050'
Plug # 3 - 1100' - 900'
Plug # 4 - 400' - 300'
Plug # 5 -100' - 0

6% gel between cement plugs

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Office of Oil & Gas
JAN 07 2015

Notification must be given to the district oil and gas inspector 24 hours before permitted work can commence.

Work order approved by inspector _____ Date 1/5/15

4703021P

Well No. 1 Carr Nicholson Farm.
Lease No. Smithfield District Roane County.
Rig built by M. B. Wilson
Well drilled by O B D & Co Contractor.
Began drilling June 21 ~~190~~1910 Completed July 27 ~~190~~1910

ROCK FORMATION	TOP	BOTTOM	REMARKS
Conductor		10	El=1000
Sand	100	120	
Berea Sand	925	1035	
Sand	1060	1090	
Salt Sand	1590	1730	
Water	1645	1685	
Maxon Sand	1780	1900	
Little Lime	1900	1921	
Pencil Cave	1921	1932	
Big Lime	1932	2052	
Big Injun	2052	2102	-1000
Gas	2027	2060	
Oil	2088		
Total depth		2104	

CASING RECORD

	CHARGED TO WELL		PUT IN WELL		PULLED OUT		LEFT IN WELL		Transferred before Completion		Left at Well Not in Use	
Size	Feet	In.	Feet	In.	Feet	In.	Feet	In.	Feet	In.	Feet	In.
10			255		255				Shot 12/20/16 ~ 50 qts			
8 1/4			930		930							
6 5/8			1944		1944							

Production First 24 Hours 15 Bbls. Signed J B Gugoux Supt.

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CK 2863 $100.00

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WW-4A
Revised 6-07

1) Date: December 3, 2014
2) Operator's Well Number
Carr Nichols 1

3) API Well No.: 47 - 087 - 03021

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION, OFFICE OF OIL AND GAS
NOTICE 0F APPLICATION TO PLUG AND ABANDON A WELL

4) Surface Owner(s) to be served:
(a) Name: Russell S. Schoolcraft
Address: 4045 Clay Road
Spencer, WV 25276

(b) Name
Address

(c) Name
Address

6) Inspector: Ed Gainer
Address: P. O. Box 821
Spencer, WV 25276
Telephone: 304-389-7582

5) (a) Coal Operator
Name
Address

(b) Coal Owner(s) with Declaration
Name
Address

Name
Address

(c) Coal Lessee with Declaration
Name
Address

TO THE PERSONS NAMED ABOVE: You should have received this Form and the following documents:

(1) The application to Plug and Abandon a Well on Form WW-4B, which sets out the parties involved in the work and describes the well its and the plugging work order; and
(2) The plat (surveyor's map) showing the well location on Form WW-6.

The reason you received these documents is that you have rights regarding the application which are summarized in the instructions on the reverses side. However, you are not required to take any action at all.

Take notice that under Chapter 22-6 of the West Virginia Code, the undersigned well operator proposes to file or has filed this Notice and Application and accompanying documents for a permit to plug and abandon a well with the Chief of the Office of Oil and Gas, West Virginia Department of Environmental Protection, with respect to the well at the location described on the attached Application and depicted on the attached Form WW-6. Copies of this Notice, the Application, and the plat have been mailed by registered or certified mail or delivered by hand to the person(s) named above (or by publication in certain circumstances) on or before the day of mailing or delivery to the Chief.

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
S. DIANNE DULANEY
P. O. Box 5519
Vienna, West Virginia 26105
My Commission Expires Oct. 4, 2016

Well Operator: HG Energy, LLC
By: Diane White — Diane White
Its: Agent
Address: 5260 Dupont Road
Parkersburg, WV 26101
Telephone: 304-420-1119

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Office of Oil & Gas
JAN 07 2015

Subscribed and sworn before me this 3rd day of December 2014
S. Dianne Dulaney Notary Public
My Commission Expires Oct. 4, 2016

Oil and Gas Privacy Notice

The Office of Oil and Gas processes your personal information, such as name, address and phone number, as a part of our regulatory duties. Your personal information may be disclosed to other State agencies or third parties in the normal course of business or as needed to comply with statutory or regulatory requirements, including Freedom of Information Act requests. Our office will appropriately secure your personal information. If you have any questions about our use of your personal information, please contact DEP's Chief Privacy Officer at depprivacyoffier@wv.gov.

8703021P

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U.S. Postal Service™
CERTIFIED MAIL™ RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

For delivery information visit our website at www.usps.com®

OFFICIAL USE

Postage	$ 1.40
Certified Fee	3.30
Return Receipt Fee (Endorsement Required)	2.70
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	$ 7.40

Postmark Here

DEC 2014 USPS

CNI

Sent To: Russell Schoolcraft

Street, Apt. No.; or PO Box No.: 4045 Clay Road

City, State, ZIP+4: Spencer WV 25276

PS Form 3800, August 2006 — See Reverse for Instructions

Received
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87 03021P

WW-9
Rev. 5/08

Page _____ of _____
API Number 47 - 087 - 03021
Operator's Well No. Carr Nichols 1

STATE OF WEST VIRGINIA
DEPARTMENT OF ENVIRONMENTAL PROTECTION
OFFICE OF OIL AND GAS

CONSTRUCTION AND RECLAMATION PLAN AND SITE REGISTRATION APPLICATION FORM
GENERAL PERMIT FOR OIL AND GAS PIT WASTE DISCHARGE

Operator Name HG Energy, LLC OP Code 494497948

Watershed Rush Run Quadrangle Looneyville 7.5'

Elevation 1040 County Roane District Smithfield

Description of anticipated Pit Waste: Fluids encountered while plugging subject well

Will a synthetic liner be used in the pit? Yes 20 mil.

Proposed Disposal Method For Treated Pit Wastes:

- x Land Application
- _____ Underground Injection (UIC Permit Number_____)
- _____ Reuse (at API Number_____)
- _____ Off Site Dispposal (Supply form WW-9 for disposal location)
- _____ Other (Explain_____

Proposed Work For Which Pit Will Be Used:

- _____ Drilling
- _____ Workover
- _____ Other (Explain_____
- _____ Swabbing
- X Plugging

I certify that I understand and agree to the terms and conditions of the GENERAL WATER POLLUTION PERMIT issued on August 1, 2005, by the Office of Oil and Gas of the West Virginia Department of Environmental Protection. I understand that the provisions of the permit are enforceable by law. Violations of any term or condition of the general permit and/or other applicable law or regulation can lead to enforcement action.

I certify under penalty of law that I have personally examined and am familiar with the information submitted on this application form and all attachments thereto and that, based on my inquiry of those individuals immediately responsible for obtaining the information, I believe that the information is true, accurate, and complete. I am aware that there are significant penalties for submitting false information, including the possibility of fine or imprisonment.

Company Official Signature Diane White

Company Official (Typed Name) Diane White

Company Official Title Agent

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Subscribed and sworn before me this 3rd day of December, 20 14

S. Dianne Dulaney Notory Public

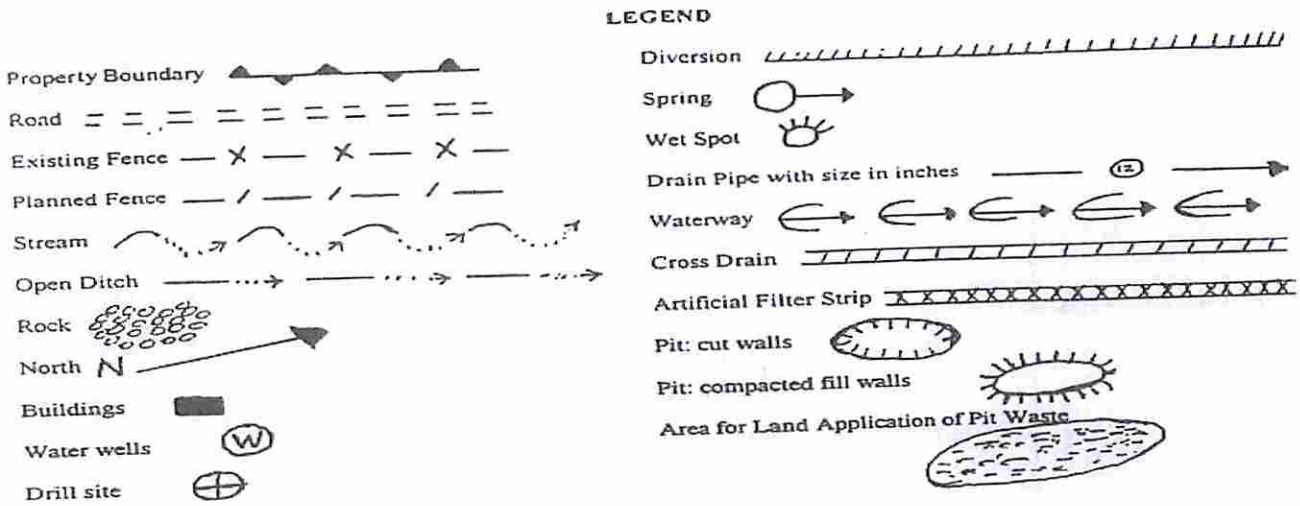
My commission expires Oct. 4, 2016

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
S. DIANNE DULANEY
P O Box 5519
Vienna, West Virginia 26105
My Commission Expires Oct. 4, 2016

8703021A

Form WW-9

Operator's Well No. Carr Nichols 1



Proposed Revegetation Treatment: Acres Disturbed 0.6 acres Prevegetation pH _____

Lime 3 Tons/acre or to correct to pH 6.5

Fertilizer (10-20-20 or equivalent) 500 lbs/acre (500 lbs minimum)

Mulch Straw 2 Tons/acre

Seed Mixtures

Area I		Area II	
Seed Type	lbs/acre	Seed Type	lbs/acre
Tall Fescue	40	Tall Fescue	40
Ladino Clover	5	Ladino Clover	5

Attach:
Drawing(s) of road, location,pit and proposed area for land application.

Photocopied section of involved 7.5' topographic sheet.

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Plan Approved by: _____

Comments: _____

Title: Inspector Date: 1/5/15

Field Reviewed? (_____) Yes (X) No

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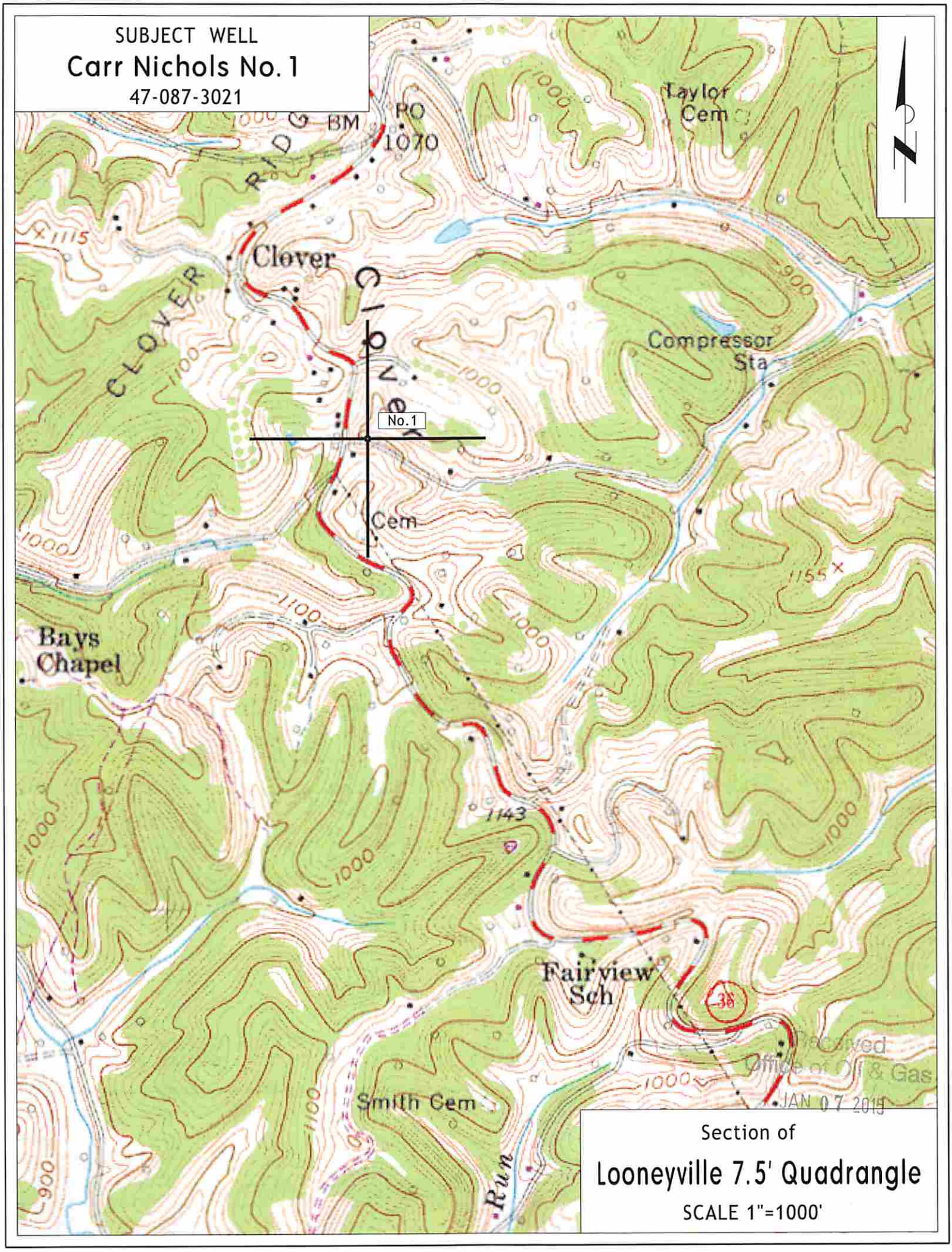

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8703021P

WW-7
5-02

West Virginia Department of Environmental Protection
Office of Oil & Gas

WELL LOCATION FORM: GPS

API: 47- 087 - 3021 **WELL NO:** No.1

FARM NAME: Carr Nichols

RESPONSIBLE PARTY NAME: HG Energy, LLC

COUNTY: Roane **DISTRICT:** Smithfield

QUADRANGLE: Looneyville 7.5'

SURFACE OWNER: Russell S. Schoolcraft, Jr.

ROYALTY OWNER: HG Energy LLC et al.

UTM GPS NORTHING: 4,285,674

UTM GPS EASTING: 475,180 **GPS ELEVATION:** 317 m. (1040')

The Responsible Party named above has chosen to submit GPS coordinates in lieu of preparing a new well location plat for a plugging permit on the above well. The Office of Oil & Gas will not accept GPS coordinates that do not meet the following requirements:

1. Datum: NAD 1983, Zone:17 North, Coordinate Units: meters, Altitude: height above mean sea level (MSL) - meters.
2. Accuracy to Datum - 3.05 meters
3. Data Collection Method:

Survey Grade GPS	___	Post Processed Differential	___
		Real-Time Differential	___
Mapping Grade GPS	X	Post Processed Differential	X
		Real-Time Differential	___

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I the undersigned, hereby certify this data is correct to the best of my knowledge and belief and shows all the information required by law and the regulations issued and prescribed by the Office of Oil and Gas.

Diane White — Diane White — Designated Agent
Signature — Title

December 2, 2014
Date